

110TH CONGRESS
1ST SESSION

S. 98

To foster the development of minority-owned small businesses.

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Mr. KERRY (for himself and Ms. LANDRIEU) introduced the following bill;
which was read twice and referred to the Committee on Small Business
and Entrepreneurship

A BILL

To foster the development of minority-owned small
businesses.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Minority Entrepre-
5 neurship Development Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) in 2005, the African American unemploy-
9 ment rate was 9.5 percent and the Hispanic Amer-

1 ican unemployment rate was 6 percent, well above
2 the national average of 4.7 percent;

3 (2) Hispanics Americans represent 12.5 percent
4 of the United States population and approximately
5 6 percent of all United States businesses;

6 (3) African Americans account for 12.3 percent
7 of the population and only 4 percent of all United
8 States businesses;

9 (4) Native Americans account for approximately
10 1 percent of the population and .9 percent of all
11 United States businesses;

12 (5) entrepreneurship has proven to be an effec-
13 tive tool for economic growth and viability of all
14 communities;

15 (6) minority-owned businesses are a key ingre-
16 dient for economic development in the community,
17 an effective tool for creating lasting and higher-pay-
18 ing jobs, and a source of wealth in the minority com-
19 munity; and

20 (7) between 1987 and 1997, revenue from mi-
21 nority-owned firms rose by 22.5 percent, an increase
22 equivalent to an annual growth rate of 10 percent,
23 and employment opportunities within minority-
24 owned firms increased by 23 percent.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-
4 trator” mean the Small Business Administration
5 and the Administrator thereof, respectively;

6 (2) the term “eligible association or organiza-
7 tion” means an association or organization that—

8 (A) is—

9 (i) a national minority business asso-
10 ciation organized in accordance with sec-
11 tion 501(c)(6) of the Internal Revenue
12 Code of 1986; or

13 (ii) a foundation of national minority
14 business associations organized in accord-
15 ance with section 501(c)(3) of the Internal
16 Revenue Code of 1986;

17 (B) has a well established national network
18 of local chapters, or a proven national member-
19 ship; and

20 (C) has been in existence for at least the
21 10-year period before the date of awarding a
22 grant under section 6;

23 (3) the term “eligible educational institution”
24 means an institution that is—

25 (A) a public or private institution of higher
26 education (including any land-grant college or

1 university, any college or school of business, en-
 2 gineering, commerce, or agriculture, or commu-
 3 nity college or junior college) or any entity
 4 formed by 2 or more institutions of higher edu-
 5 cation; and

6 (B) a—

7 (i) historically Black college;

8 (ii) Hispanic-serving institution; or

9 (iii) tribal college;

10 (4) the term “historically Black college” means
 11 a part B institution, as that term is defined in sec-
 12 tion 322 of the Higher Education Act of 1965 (20
 13 U.S.C. 1061);

14 (5) the term “Hispanic-serving institution” has
 15 the meaning given that term in section 502 of the
 16 Higher Education Act of 1965 (20 U.S.C. 1101a);

17 (6) the term “institution of higher education”
 18 has the meaning given that term in section 101 of
 19 the Higher Education Act of 1965 (20 U.S.C. 1101)

20 (7) the term “small business concern” has the
 21 meaning given that term in section 3 of the Small
 22 Business Act (15 U.S.C. 532);

23 (8) the term “small business development cen-
 24 ter” has the meaning given that term in section 21
 25 of the Small Business Act (15 U.S.C. 648); and

1 (9) the term “tribal college” has the same
 2 meaning as the term “tribally controlled college or
 3 university” under section 2(a)(4) of the Tribally
 4 Controlled Community College Assistance Act of
 5 1978 (25 U.S.C. 1801(a)(4)).

6 **SEC. 4. MINORITY SMALL BUSINESS DEVELOPMENT.**

7 (a) IN GENERAL.—The Small Business Act (15
 8 U.S.C. 631 et seq.) is amended—

9 (1) by redesignating section 37 as section 38;
 10 and

11 (2) by inserting after section 36 the following:

12 **“SEC. 37. MINORITY SMALL BUSINESS DEVELOPMENT.**

13 “(a) OFFICE OF MINORITY SMALL BUSINESS DE-
 14 VELOPMENT.—There is established in the Administration
 15 an Office of Minority Small Business Development, which
 16 shall be administered by the Associate Administrator for
 17 Minority Small Business Development appointed under
 18 section 4(b)(1) (in this section referred to as the ‘Asso-
 19 ciate Administrator’).

20 “(b) ASSOCIATE ADMINISTRATOR FOR MINORITY
 21 SMALL BUSINESS DEVELOPMENT.—The Associate Ad-
 22 ministrators shall—

23 “(1) be—

24 “(A) an appointee in the Senior Executive
 25 Service who is a career appointee; or

1 “(B) an employee in the competitive serv-
2 ice;

3 “(2) be responsible for the formulation, execu-
4 tion, and promotion of policies and programs of the
5 Administration that provide assistance to small busi-
6 ness concerns owned and controlled by minorities;

7 “(3) act as an ombudsman for full consider-
8 ation of minorities in all programs of the Adminis-
9 tration (including those under section 7(j) and 8(a));

10 “(4) work with the Associate Deputy Adminis-
11 trator for Capital Access of the Administration to
12 increase the proportion of loans and loan dollars,
13 and investments and investment dollars, going to mi-
14 norities through the finance programs under this
15 Act and the Small Business Investment Act of 1958
16 (including subsections (a), (b), and (m) of section 7
17 of this Act and the programs under title V and parts
18 A and B of title III of the Small Business Invest-
19 ment Act of 1958);

20 “(5) work with the Associate Deputy Adminis-
21 trator for Entrepreneurial Development of the Ad-
22 ministration to increase the proportion of counseling
23 and training that goes to minorities through the en-
24 trepreneurial development programs of the Adminis-
25 tration;

1 “(6) work with the Associate Deputy Adminis-
2 trator for Government Contracting and Minority En-
3 terprise Development of the Administration to in-
4 crease the proportion of contracts, including through
5 the Small Business Innovation Research Program
6 and the Small Business Technology Transfer Pro-
7 gram, to minorities;

8 “(7) work with the partners of the Administra-
9 tion, trade associations, and business groups to iden-
10 tify and carry out policies and procedures to more
11 effectively market the resources of the Administra-
12 tion to minorities;

13 “(8) work with the Office of Field Operations
14 of the Administration to ensure that district offices
15 and regional offices have adequate staff, funding,
16 and other resources to market the programs of the
17 Administration to meet the objectives described in
18 paragraphs (4) through (7); and

19 “(9) report to and be responsible directly to the
20 Administrator.

21 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to carry out this sec-
23 tion—

24 “(1) \$5,000,000 for fiscal year 2007;

25 “(2) \$5,000,000 for fiscal year 2008; and

1 “(3) \$5,000,000 for fiscal year 2009.”.

2 (b) CONFORMING AMENDMENTS.—Section 4(b)(1) of
 3 the Small Business Act (15 U.S.C. 633(b)(1)) is amended
 4 in the sixth sentence, by striking “Minority Small Busi-
 5 ness and Capital Ownership Development” and all that
 6 follows through the end of the sentence and inserting “Mi-
 7 nority Small Business Development.”.

8 **SEC. 5. MINORITY ENTREPRENEURSHIP AND INNOVATION**
 9 **PILOT PROGRAM OF 2007.**

10 (a) IN GENERAL.—The Administrator may make
 11 grants to eligible educational institutions—

12 (1) to assist in establishing an entrepreneurship
 13 curriculum for undergraduate or graduate studies;
 14 and

15 (2) for placement of a small business develop-
 16 ment center on the physical campus of the institu-
 17 tion.

18 (b) USE OF FUNDS.—

19 (1) CURRICULUM REQUIREMENT.—

20 (A) IN GENERAL.—An eligible educational
 21 institution receiving a grant under this section
 22 shall develop a curriculum that includes train-
 23 ing in various skill sets needed by successful en-
 24 trepreneurs, including—

(i) business management and marketing, financial management and accounting, market analysis and competitive analysis, and innovation and strategic planning; and

(ii) additional entrepreneurial skill sets specific to the needs of the student population and the surrounding community, as determined by the institution.

(B) FOCUS.—The focus of the curriculum developed under this paragraph shall be to help students in non-business majors develop the tools necessary to use their area of expertise as entrepreneurs.

(2) SMALL BUSINESS DEVELOPMENT CENTER REQUIREMENT.—Each eligible educational institution receiving a grant under this section shall open a small business development center that—

(A) performs studies, research, and counseling concerning the managing, financing, and operation of small business concerns;

(B) performs management training and provides technical assistance regarding small business concern participation in international markets, export promotion and technology

transfer, and the delivery or distribution of such services and information;

(C) offers referral services for entrepreneurs and small business concerns to business development, financing, and legal experts; and

(D) promotes market-specific innovation, niche marketing, capacity building, international trade, and strategic planning as keys to long term growth for its small business concern and entrepreneur clients.

(c) GRANT AWARDS.—

(1) IN GENERAL.—The Administrator may not award a grant under this section to a single eligible educational institution—

(A) in excess of \$1,000,000 in any fiscal year; or

(B) for a term of more than 2 years.

(2) LIMITATION ON USE OF FUNDS.—Funds made available under this section may not be used for—

(A) any purpose other than those associated with the direct costs incurred by the eligible educational institution to—

- 1 (i) develop and implement the cur-
2 rriculum described in subsection (b)(1); or
3 (ii) organize and operate a small busi-
4 ness development center, as described in
5 subsection (b)(2); or
6 (B) building expenses, administrative trav-
7 el budgets, or other expenses not directly re-
8 lated to the costs described in subparagraph
9 (A).

10 (d) MATCHING NOT REQUIRED.—Subparagraphs (A)
11 and (B) of section 21(a)(4) of the Small Business Act (15
12 U.S.C. 648(a)(4)) shall not apply to a grant made under
13 this section.

14 (e) REPORT.—

15 (1) IN GENERAL.—Not later than November 1
16 of each year in which funds are made available for
17 grants under this section, the Associate Adminis-
18 trator of Entrepreneurial Development of the Ad-
19 ministration shall submit to the Committee on Small
20 Business and Entrepreneurship of the Senate and
21 the Committee on Small Business of the House of
22 Representatives, a report evaluating the success of
23 the program under this section during the preceding
24 fiscal year.

1 (2) CONTENTS.—Each report under paragraph

2 (1) shall include—

3 (A) a description of each entrepreneurship
4 program developed with grant funds, the date
5 of the award, and the number of participants in
6 each such program;

7 (B) the number of small business assisted
8 through the small business development center
9 with grant funds; and

10 (C) data regarding the economic impact of
11 the small business development center coun-
12 seling provided with grant funds.

13 (f) AUTHORIZATION OF APPROPRIATION.—There are
14 authorized to be appropriated to carry out this section
15 \$24,000,000 for each of fiscal years 2007 through 2009,
16 to remain available until expended.

17 (g) LIMITATION ON USE OF OTHER FUNDS.—The
18 Administrator shall carry out this section only with
19 amounts appropriated in advance specifically to carry out
20 this section.

21 **SEC. 6. MINORITY ACCESS TO INFORMATION DISTANCE**

22 **LEARNING PILOT PROGRAM OF 2007.**

23 (a) IN GENERAL.—The Administrator may make
24 grants to eligible associations and organizations to—

1 (1) assist in establishing the technical capacity
2 to provide online or distance learning for businesses
3 seeking to contract with the Federal Government;

4 (2) develop curriculum for seminars that will
5 provide businesses with the technical expertise to
6 contract with the Federal government; and

7 (3) provide training and technical expertise
8 through distance learning at low cost, or no cost, to
9 participant business owners and other interested
10 parties.

11 (b) USE OF FUNDS.—An eligible association or orga-
12 nization receiving a grant under this section shall develop
13 a curriculum that includes training in various areas need-
14 ed by the owners of small business concerns to successfully
15 contract with the Federal Government, which may include
16 training in accounting, marketing to the Federal Govern-
17 ment, applying for Federal certifications, use of offices of
18 small and disadvantaged businesses, procurement con-
19 ferences, the scope of Federal procurement contracts, and
20 General Services Administration schedules.

21 (c) GRANT AWARDS.—

22 (1) IN GENERAL.—The Administrator may not
23 award a grant under this section to a single eligible
24 association or organization—

1 (A) in excess of \$250,000 in any fiscal
2 year; or

3 (B) for a term of more than 2 years.

4 (2) LIMITATION ON USE OF FUNDS.—Funds
5 made available under this section may not be used—

6 (A) for any purpose other than those asso-
7 ciated with the direct costs incurred by the eli-
8 gible association or organization to develop the
9 curriculum described in subsection (b); or

10 (B) for building expenses, administrative
11 travel budgets, or other expenses not directly
12 related to the costs described in subparagraph
13 (A).

14 (d) MATCHING NOT REQUIRED.—Subparagraphs (A)
15 and (B) of section 21(a)(4) of the Small Business Act (15
16 U.S.C. 648(a)(4)) shall not apply to a grant made under
17 this section.

18 (e) REPORT.—

19 (1) IN GENERAL.—Not later than November 1
20 of each year, the Associate Administrator of Entre-
21 preneurial Development of the Administration shall
22 submit to the Committee on Small Business and En-
23 trepreneurship of the Senate and the Committee on
24 Small Business of the House of Representatives, a

1 report evaluating the success of the program under
2 this section during the preceding fiscal year.

3 (2) CONTENTS.—Each report under paragraph
4 (1) shall include—

5 (A) a description of each distance learning
6 program developed with grant funds under this
7 section, the date of the award, and the number
8 of participants in each program; and

9 (B) data regarding the economic impact of
10 the distance learning technical assistance pro-
11 vided with such grant funds.

12 (f) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to carry out this section
14 \$4,000,000 for each of fiscal years 2007 through 2009,
15 to remain available until expended.

16 (g) LIMITATION ON USE OF OTHER FUNDS.—The
17 Administrator shall carry out this section only with
18 amounts appropriated in advance specifically to carry out
19 this section.

20 **SEC. 7. EXTENSION OF SOCIALLY AND ECONOMICALLY DIS-**
21 **ADVANTAGED BUSINESS PROGRAM.**

22 (a) IN GENERAL.—Section 7102(c) of the Federal
23 Acquisition Streamlining Act of 1994 (15 U.S.C. 644
24 note) is amended by striking “September 30, 2003” and
25 inserting “September 30, 2009”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect 30 days after the date of en-
3 actment of this Act.

